

GUIDEBOOK FOR CANDIDATE COMMITTEES

PLEASE NOTE: *The Guidebook For Candidate Committees has been compiled for reference purposes only and should not be used as an authority on the campaign spending laws and rules of Hawaii.*

The term “candidate” used in this Guidebook For Candidate Committees (“Guidebook”) may also mean candidate committee.

INTRODUCTION

The Campaign Spending Commission (“commission”) has prepared this Guidebook to assist candidates in complying with the reporting requirements of the campaign spending law.

The Guidebook is made available to candidates pursuant to Section 11-193, Hawaii Revised Statutes. For candidates choosing to participate in partial public financing of their campaign, there is an additional “Handbook For Public Funds” which should be used for reference.

Getting More Help

Oahu Candidates

If there are any questions regarding the reporting requirements of the campaign spending law, please contact our office. Request for forms and schedules can also be made to our office.

State of Hawaii
Campaign Spending Commission
Leiopapa A Kamehameha Building
235 S. Beretania Street, Room 300
Honolulu, Hawaii 96813
Phone: (808) 586-0285

Fax: (808) 586-0288
E-mail: abaldome@pixi.com

Neighbor Island Candidates

For telephone inquiries, please Dial “0” for the Operator and ask for **Enterprise 5406**. The Operator will connect you with the commission at no charge to you. The fax number and E-mail address is the same as above.

The commission’s office is open from 7:45 a.m. to 4:30 p.m., Monday through Friday.

PART ONE

CHAPTER 1

FILING REPORTS

1. WHO REPORTS

Candidate

An individual defined as a candidate under the campaign spending law (See Chapter 2, “Individual Becomes A Candidate”) must file periodic reports on campaign contributions and expenditures.

2. WHERE TO FILE REPORTS

Oahu Candidates

Campaign Spending Commission
Leiopapa A Kamehameha Building
235 S. Beretania Street, Room 300

Honolulu, Hawaii 96813

Candidates on the island of Oahu are required to submit **one original and one copy** of all reports filed with the commission.

Hawaii Candidates

County of Hawaii
County Clerk's Office
25 Aupuni Street
Hilo, Hawaii 96720

Phone: (808) 961-8277

Maui Candidates

County of Maui
County Clerk's Office
200 South High Street
Wailuku, Hawaii 96793

Phone: (808) 243-7749

Kauai Candidates

County of Kauai
County Clerk's Office
4396 Rice Street
Lihue, Hawaii 96766

Phone: (808) 241-6350

Candidates on the neighbor islands filing directly with the commission or their respective county clerk's office are required to submit **one original and two copies** of all reports. Note that neighbor island candidates are not restricted from filing directly with the commission.

3. WHEN TO REPORT

The schedule of Reporting Dates For The 1996 Elections (Form-1996) is available from the commission. A schedule can be found in

Part Three of this Guidebook (Appendix A).

Election Year Reporting

Election years are years in which there are regularly scheduled state and local elections (even-numbered years). Candidates who are on the ballot in the election year need to follow the requirements for election year reporting.

Preliminary Reports

A 1st Preliminary Primary Report must be filed no later than 4:30 p.m. on the twenty-fifth calendar day prior to the Primary/1st Special Election.

A 2nd Preliminary Primary Report must be filed no later than 4:30 p.m. on the tenth calendar day prior to the Primary/1st Special Election.

A Preliminary General Report must be filed no later than 4:30 p.m. on the tenth calendar day prior to the General/2nd Special Election. A Preliminary General Report is not required if the candidate is not on the ballot for the General/2nd Special Election.

Preliminary Reports cover campaign financial activity through the fifth calendar day prior to the reports due date.

Final Reports

A Final Primary Report must be filed no later than 4:30 p.m. on the thirtieth calendar day after the Primary/1st Special Election.

A Final General Report must be filed no later than 4:30 p.m. on the thirtieth calendar day after the General/2nd Special Election.

A Final General Report is not required if the candidate is not on the ballot for the General/2nd Special Election.

Final Reports cover campaign financial activity through the day of the applicable Primary/1st Special or General/2nd Special Election.

Supplemental Report

Supplemental Reports are required every six months in the event of a surplus or deficit.

If a candidate has ran during an election, a Supplemental Report must be filed no later than 4:30 p.m. on the thirtieth calendar day after

the last day of that election year. This Supplemental Report covers campaign financial activity from the day after the Primary/1st Special Election or the day after the General/2nd Special Election through the last day of the election year.

Short Form Reporting

A candidate who receives no contributions or makes no expenditures, or has a deficit or surplus of \$1,000 or less may file a short form. (See Chapter 9, “Completing The Reports”)

Nonelection Year Reporting

Nonelection years are years in which there are no regularly scheduled state and local elections (odd-numbered years).

During a nonelection year, two Supplemental Reports are required by those candidates who are registered with the commission due to a surplus or deficit.

The first Supplemental Report, covering campaign financial activity through June 30th, must be filed no later than 4:30 p.m. on the thirtieth calendar day after June 30th.

The second Supplemental Report, covering campaign financial activity through December 31st, must be filed no later than 4:30 p.m. on the thirtieth calendar day after December 31st.

Note: Candidates (generally elected officials) not on the ballot in an election year need to file Supplemental Reports following nonelection year reporting requirements.

Reporting Deadline Falling On A Weekend

Where any reporting deadline falls on a holiday or weekend, the deadline shall be the last working day prior thereto.

Definition Of Filed

Whenever a report is required to be filed with the commission, “filed” means received in the office of the commission or county clerk, whichever is applicable, by the date and time specified for the filing of such report. Post dated reports are not considered filed with the commission and thus do not meet the requirements. The commission, however, does accept faxed reports and does consider faxed reports as being filed if its received before the date and time specified for the filing of such report. Those candidates (Oahu and Neighbor Island) filing by fax are subsequently required to mail to the commission one original and one copy of the faxed report.

4. RECEIPTS AND PUBLIC INSPECTION OF REPORTS

Receipts

The commission or county clerk is required to give each candidate filing a report a receipt stating the type of report filed and the date and time of filing. The receipt serves to notify only that the commission has received the filed report. Neither the acknowledgment nor the acceptance of the report constitutes express or implied approval, or in any manner indicates that the contents of the report fulfills the requirements of the campaign spending laws and rules of Hawaii.

Public Inspection And Copies Of Reports

All reports filed with the commission and county clerk's office will be opened for public inspection and will be preserved by these offices for ten years. Copies of reports may be purchased in person from the commission's office at 25 cents per page. Copies may also be requested via telephone, fax or mail. Persons requesting copies via telephone, fax or mail will be required to provide the name of the candidate of whom copies are being requested and the specific information needed (e.g., contributions, expenditures, specific reporting period, etc.). The commission will determine the cost for the requested copies and will notify the person of the cost. Copies of requested reports will commence by the commission upon receipt of a persons payment. Persons on the neighbor islands wanting copies of reports must make their requests directly to the commission's office and not their county clerk's office.

Restrictions

The campaign spending law prohibits anyone from selling or using information or copies from the reports for the purpose of soliciting contributions or for any commercial purpose.

CHAPTER 2 HOW TO GET STARTED

1. Individual Becomes A Candidate

An individual becomes a candidate under the campaign spending law-and thus triggers registration and reporting-when the individual does **any of the following**:

Files nomination papers for an office for oneself with the county clerk's office or with the election commission's office, whichever is applicable;

Receives contributions in an aggregate amount of more than \$100 or makes or incurs any expenditures of more than \$100 to bring about an individual's nomination for election, or to bring about the individual's election to office;

Gives consent for any other person to receive contributions or make expenditures to aid the individual's nomination for election, or the individual's election to office; or

Is certified to be a candidate by the chief elections officer or county clerk.

2. Candidate Registration

Within 10 days after an individual becomes a candidate, he or she must register with the commission by filing an Organizational Report (Form CC-1).

The Organizational Report form is available from the commission. A sample of a completed Organizational Report form can be found in Part Three of this Guidebook (Appendix B).

Designated Central Committee

A candidate for statewide or county office who is supported by more than one committee must designate a central committee which shall be responsible for aggregating the contributions and expenditures of all committees directly associated with the candidate.

3. Organizational Report

When registering, a candidate must disclose information required by the campaign spending law. Listed below is the information required on the Organizational Report.

Election Year

The election year is the year in which the individual next expects to be on the election ballot. Note: This differs from filing with the elections commission.

Registration Number

The commission assigns each candidate a registration number after the candidate has filed an Organizational Report. The registration number will be used by the commission to identify each candidate.

Name And Mailing Address Of The Candidate And Candidate Committee

The candidate name, committee name and mailing address is required to be included on the Organizational Report. Note that the mailing address provided on the Organizational Report will be used by the commission to mail all correspondences to the candidate. The candidate shall also disclose the following information: office sought, district/county (if applicable) and party affiliation. Additionally, the candidate needs to provide the headquarters phone and mailing address, if applicable.

Type Of Report

New Committee

A new committee is a committee that is non-existent on the files of the commission at the time the Organizational Report is being filed.

Continuing Committee

A continuing committee is a committee that has an existing file open with the commission and is filing the Organizational Report to re-register for a new election year.

Chairperson And Deputy Chairperson

The candidate is required to appoint at least one chairperson. The chairperson is required to be someone other than the candidate. The Organizational Report requires the name, mailing address, business and residence phone number of the chairperson. The chairperson is

required to certify acceptance of the appointment.

A deputy chairperson may be appointed but is not required. In the event that a deputy chairperson is appointed, the candidate is required to provide the name, mailing address, business and residence phone number of the deputy chairperson. The deputy chairperson is not required to certify acceptance of the appointment.

Treasurer And Deputy Treasurer

The candidate is required to appoint at least one treasurer. The candidate may appoint oneself as treasurer, however, the commission recommends that the candidate appoint someone other than oneself so that the candidate can devote oneself entirely to campaigning. The Organizational Report requires the name, mailing address, business and residence phone number of the treasurer. The treasurer is required to certify acceptance of the appointment.

A deputy treasurer may be appointed but is not required. In the event that a deputy treasurer is appointed, the candidate is required to provide the name, mailing address, business and residence phone number of the deputy treasurer. The campaign spending law allows the candidate to appoint up to five deputy treasurers. Deputy treasurers are not required to certify acceptance of the appointment.

Only an appointed treasurer and deputy treasurer are authorized to receive contributions or make expenditures on behalf of the candidate. In case of death, resignation, or removal of the treasurer, the candidate shall promptly appoint a successor. During the period the office of treasurer is vacant, the candidate or chairperson shall serve as treasurer.

Committee Depository

The candidate is required to open at least one committee depository to maintain the depositing of contributions and making of expenditures. The committee depository must be opened with a financial institution duly authorized to do business in the State, such as a bank, savings and loan institution, industrial loan company, or similar financial institution. The Organizational Report requires the depository name, address and account number. The candidate should also include whether the account is a savings or checking.

No Commingling

Campaign contributions must not be commingled with personal funds, such as by depositing contributions in a candidate's personal

account

Person Other Than A Designated Officer Preparing The Disclosure Reports

The candidate may appoint on a fee or voluntary basis a person other than an officer or treasurer to specifically prepare and file reports with the commission. The candidate is only required to provide the name and certified acceptance of the appointed person.

Amendments To The Organizational Report

Note that a candidate must report any change or correction of information contained on its Organizational Report within 10 days after the change has been brought to the attention of the candidate or candidate committee. The amended Organizational Report should only include the candidate name, committee name, mailing address, and the change or correction (such as a change of treasurer, mailing address or committee depository).

4. Code Of Fair Campaign Practices

The Code Of Fair Campaign Practices (“code”) form (Form CC-3) is used by the candidate to voluntarily conduct the candidate’s campaign in accordance with the provisions of the code. The code is to be filed any day on or after a candidate files the Organizational Report with the commission.

The code form is available from the commission. A sample of a completed code form can be found in Part Three of this Guidebook (Appendix C).

The commission encourages all candidates to participate in endorsing and complying with the provisions of the code. In the event that a candidate endorses and fails to comply with the provisions of the code, the commission has the authority to censure such candidate.

Fifteen days prior to the Primary/First Special Election, the commission is required to issue a list of candidates who have endorsed the code.

CHAPTER 3

UNDERSTANDING CONTRIBUTIONS

1. What Is A Contribution

A contribution is anything of value given to influence the nomination for election, or election, of any candidate to office. A contribution also includes the following:

- A Gift;
- Subscription;
- Deposit of money or anything of value;
- Cancellation of a debt or legal obligation; and
- Purchase of tickets to fundraisers.

2. Types Of Contributions

Monetary Contributions

A monetary contribution may be made by check or cash (currency). Cash contributions of more than \$100 shall not be accepted by the candidate without issuing a receipt to the contributor.

Non-monetary Contributions

Non-monetary contributions include the following:

The donation of goods offered without charge or at an unreasonably low	charge;
The payment, by any person other than a candidate, of compensation for the	personal services of another person which are
rendered to the candidate without charge or at an unreasonably low charge;	
An expenditure made in cooperation, consultation, or concert with, or at the	request or suggestion of a candidate; and
The financing by any person or political party of the dissemination,	distribution, or
republishing, in whole or in part, of any broadcast or any	written or other campaign materials prepared by the

candidate, the candidate's committee or agents.

Limits

The fair market value of a non-monetary contribution or the usual and normal charge counts against the same contribution limit as a monetary contribution.

Fair Market Value

Goods (such as facilities, equipment, supplies and consumable items) are valued at the price the facility or item would cost if purchased or rented at the time the non-monetary contribution is made. For example, if someone donates the use of a facility, the non-monetary contribution equals the usual and normal charge to rent the facility at the time of the non-monetary contribution;

Services (such as consultant services) are valued at the prevailing commercial rate at the time the services are rendered.

Volunteers (such as sign wavers)

When services are volunteered--not paid for by any person--the activity is not considered a non-monetary contribution. Note, however, that if volunteers are, in fact, paid for their services by someone other than the candidate, the activity is no longer considered volunteering and the payments result in a non-monetary contribution.

Loans

A loan is an advance of money, goods, or services, with a promise to repay in full or in part within a specified period of time. Any loan to a candidate in excess of \$100 shall be documented and disclosed as to lender. Failure to document the loan or disclose the loan to the commission shall cause the loan to be treated as a contribution.

Loans must be reported as a debt until fully repaid. In the event that a lender cancels the debt (forgives loan) in whole or in part, the amount of the canceled debt (loan) shall be treated as a contribution and subject to the contribution limit for that candidate.

Fundraiser Tickets

The entire amount paid to attend a political fundraiser or to purchase a fundraiser ticket is a contribution. For example, if a contributor pays \$100 to buy a fundraising ticket to a fundraising golf tournament, he or she has made a \$100 contribution to the candidate, even though the golf fees may have cost the candidate \$35.

Earmarked Contributions

An earmarked contribution is a contribution received by a committee or party on the condition that the funds be contributed or expended on certain candidates. Note that when a party collects and transmits earmarked contributions to a candidate, the amount of the earmarked contribution is counted toward the contribution limit of the party and the person contributing such funds.

CHAPTER 4

CONTRIBUTION LIMITS

Under the campaign spending law, contributions to candidates are subject to limits. This chapter examines the laws concerning the limits placed on contributions to a candidates campaign.

It is important to note that a candidate is prohibited from retaining contributions that exceed the limits. In the event that a candidate receives and deposits excess contributions, there are special procedures for handling such contributions. (See Chapter 5, “Excess And Prohibited Contributions”)

1. Overview Of Limits

This section outlines the limits the campaign spending law places on contributions to a candidates campaign.

Limits For Individuals, Noncandidate Committees And Other Entities

The contribution limits to candidates vary according to the office that a particular candidate is seeking. The contribution limits that

apply to the three types of offices are as follows:

A candidate seeking nomination or election to a two-year office-Aggregate contributions not to exceed \$2,000 during an election period;

A candidate seeking nomination or election to a four-year nonstatewide office-Aggregate contributions not to exceed \$4,000 during an election period;

A candidate seeking nomination or election to a four-year statewide office-Aggregate contributions not to exceed \$6,000 during an election period.

See definition of “election period” on the next page.

The following is a detailed list of offices associated with its respective contribution limit:

Two-Year (\$2,000)	Four-Year Nonstatewide (\$4,000)	Four-Year Statewide (\$6,000)
State House of Rep. County Council (Hawaii, Maui, Kauai)	State Senate Mayor Prosecuting Attorney City Council (Honolulu) Board of Education	Governor Lt. Governor Office of Hawaiian Affairs

Limit For The Candidate And The Candidate’s Immediate Family (Candidate’s Personal Funds)

Contributions from a candidate and candidate’s immediate family are exempt from the limitations on the prior page, but are limited in the aggregate to \$50,000 in any election period. The \$50,000 amount includes any loans made for campaign purposes to the candidate from the candidate’s immediate family. A candidate’s immediate family is defined as a candidate’s spouse, and any child, parent, grandparent, brother, or sister of the candidate, and the spouses of such persons.

It is important to note that when a candidate uses personal funds for campaign purposes, the candidate must make a distinction whether

to classify the personal funds as a contribution or a loan to the candidate's committee. If a candidate makes the distinction to classify the personal funds as a contribution, the contribution becomes a non-reimbursable contribution. However, if the candidate makes the distinction to classify the personal funds as a loan, the candidate may be reimbursed by the candidate committee at a subsequent time.

Election Period (Contribution Aggregation Period)

The election period also known as the contribution aggregation period is defined in the campaign spending law as the period between general election days if a candidate is seeking nomination or election to a two-year office and the period between general election days if a candidate is seeking nomination or election to a four-year office.

Because the above election periods were defined in the 1995 legislative amendments, the election periods for the transition stage (old law to new law) are as follows:

Two-year office-January 1, 1995 through the day of the next General Election;

Four-year office (nonstatewide and statewide office)-January 1, 1995 through the day of the next General Election.

Limits For Parties

The parties contribution limits also vary according to office. The contribution limits are as follows:

For the office of governor-\$50,000;

For the office of lieutenant governor-\$40,000;

For the partisan offices of mayor and partisan prosecuting attorney-\$25,000;

For the offices of state senator and partisan county council members- \$20,000;

For the office of state house of representative-\$15,000.

Election Period For Parties (Contribution Aggregation Period)

The parties contribution limits are subject to a different election period (contribution aggregation period) as defined on the prior page. The parties election period for monetary and non-monetary contributions are on an election year (even-numbered) basis from January 1 through December 31.

2. Contributions From Spouses And Dependent Minors

Spouses (Joint Contributions)

A husband and wife are treated as separate individuals under the campaign spending law and are entitled to separate contribution limits. A husband and wife may wish to separate or combine their contribution limits when contributing a joint contribution using a single check drawn on a joint account. In separating joint contributions, the joint check should be accompanied with a written letter that attributes the contribution in the requested portions. For example, a contributor may request, by written letter, that its joint check of \$4,000 be attributed in equal portions (\$2,000 for the husband and \$2,000 for the wife). A contributor may also request, by written letter, that its joint check of \$4,000 be attributed in unequal portions (\$3,000 for the husband and \$1,000 for the wife). Alternatively, a contributor may request, by written letter, that its joint check be combined.

If the check is not accompanied with a written letter indicating whether it should be separated or combined, the candidate shall attribute the contribution to the signee.

Dependent Minors

A contribution by a dependent minor is required to be reported in the name of the minor but counted against the contribution limit of the minor's parent or guardian.

3. Contributions To Be Promptly Deposited

(“Contribution” in this section refers

only to monetary contributions.)

The date a contribution is received is the date that the candidate or individual authorized to receive contributions on behalf of the candidate has received a contribution. For purposes of the campaign spending law, a contribution that is received must be promptly deposited. The commission recommends that the candidate devise a workable method to assure that contributions are deposited in a timely manner.

CHAPTER 5

EXCESS AND PROHIBITED CONTRIBUTIONS

1. Excess Contributions

If a candidate receives a contribution in excess of the candidate's contribution limit, the candidate must, either:

Return the excess contribution to the contributor, without depositing it; or
Deposit the excess contribution.

If a candidate returns the excess contribution, the candidate need not report the contribution to the commission. However, if a candidate deposits the excess contribution, the excess over the limit must be reported to the commission and transferred to the Hawaii Election Campaign Fund within thirty days of deposit. If an excess contribution is deposited, the candidate must make sure that the excess contribution is not spent because of the requirement to transfer it to the Hawaii Election Campaign Fund.

2. Prohibited Contributions

Foreign Nationals

No contributions or expenditures shall be made to or on behalf of a candidate by a foreign corporation, including a domestic subsidiary of a foreign corporation, a domestic corporation that is owned by a foreign national, or a local subsidiary where administrative control is retained by the foreign corporation.

State of Hawaii (state and local) candidates are also subject to Federal Laws prohibiting foreign contributions.

An individual is eligible to make a contribution if the individual has a "green card" indicating that he or she has been lawfully admitted for permanent residence.

Anonymous Contributions

No candidate shall knowingly receive, accept, or retain an anonymous contribution of any amount, or enter or cause such contribution to be entered in its accounts as an anonymous contribution or in a name other than the true name of the person who actually furnished the contribution. In the event that an anonymous contribution is received by a candidate, it shall be returned to the contributor if they can be identified. If the contributor cannot be identified, the contribution shall escheat to the Hawaii Election Campaign Fund.

Candidates may retain anonymous contributions that aggregate less than \$500 when obtained through multiple contributions made by ten or more persons at the same political function (e.g., calabash bowls). Detailed records must be retained of the political function.

Contributions In The Name Of Another (False Name)

A contribution made by one person in the name of another is prohibited under the campaign spending law. For example, an individual who has already contributed up to the limit to a candidate's campaign may not give money to another person to make a contribution to the same candidate. Similarly, the practice of "bundling" contributions is prohibited.

If the commission finds that contributions were made in the name of another, those contributions shall automatically escheat to the Hawaii Election Campaign Fund.

CHAPTER 6

OTHER RECEIPTS

This chapter describes campaign receipts that are not considered contributions and, therefore, are not subject to contributions limits; all receipts must nevertheless be reported by the candidate.

1. Financial Institution Loans

Any loan by a financial institution regulated by the State or federally chartered depository institution and made in accordance with applicable law in the ordinary course of business is not considered a contribution and not subject to the contribution limits. Loans shall nevertheless be reported as a receipt to the candidate.

2. Public Funds

Public funds received by a candidate are not considered contributions but shall be reported as a receipt to the candidate.

3. Interest

Interest earned on the committee depositories are not considered contributions but shall be reported as a receipt to the candidate.

4. Returns, Refunds And Rebates

Returns by vendors of deposits, refunds and rebates, are not considered contributions but shall be reported as a receipt to the candidate. Note, however, that rebates must be offered in the ordinary course of business and on the same terms and conditions as those offered to nonpolitical entities.

CHAPTER 7

EXPENDITURES

1. What Is An Expenditure

An expenditure, for the purpose of influencing the nomination for election, or election, of any candidate to office whether or not the candidate has filed nomination papers, includes the following:

- Any purchase or transfer of money or anything of value;
- A promise or agreement to purchase or transfer money or anything of value;
- Payment incurred or made; and
- The use or consumption of a non-monetary contribution.

The campaign spending law considers an expenditure to be made or incurred when the services are rendered or the product is delivered.

2. Types Of Expenditures

Operating Expenditures

Payments for normal operating expenses, such as staff salaries, rent, advertising, telephones, office supplies, equipment, etc., are considered operating expenditures.

Note that a non-monetary contribution received by the candidate must be reported as an operating expenditure in addition to being reported as a non-monetary contribution. This accounting method allows the candidate to balance its cash on hand.

Fundraising Expenditures

The following are considered fundraising expenditures as defined in the campaign spending law:

- The cost of food and beverages consumed at the function;
- Rent and utilities for the premises where the function is held;
- The amount paid for guest speakers and entertainment;
- Printing and postage related to a function; and
- All other direct costs incurred in solicitation of the fundraiser, or fundraising activity.

In addition to operating expenditures, a non-monetary contribution received by the candidate for a fundraiser must also be reported as a fundraising expenditure in addition to being reported as a non-monetary contribution.

Fundraising expenditures are exempt from a candidate's expenditure limit if the candidate voluntarily complied with the expenditure limits set for the candidate's respective office. (See below for explanation of Voluntary Expenditure Limits.)

3. Voluntary Expenditure Limits

A candidate may choose to voluntarily limit the candidate's campaign expenditures in accordance to prescribed limits set by the

commission. To voluntarily limit a candidate's expenditure limits, a candidate must file the Affidavit Of Compliance With Voluntary Campaign Expenditure Limits ("affidavit") form (Form CC-2) with the commission. If a candidate decides to file the affidavit, the affidavit is to be filed simultaneously with the Organizational Report. The affidavit form is available from the commission and is required to be notarized.

Benefits For Filing The Affidavit

A candidate is entitled to the following benefits when filing the affidavit:

Discounted filing fee;
Contributors may take a tax deduction; and
Eligible for public funds.

Candidates Not Filing The Affidavit

If a candidate has not filed an affidavit, the candidate shall inform all contributors to the candidate's campaign in writing immediately upon receipt of the contribution that they are not entitled to count their contributions to the candidate for purposes of taking a tax deduction.

Withdrawing The Affidavit

The candidate may withdraw the affidavit no later than 30 days prior to an election. If the candidate withdraws the affidavit, the candidate is required to pay the full filing fee and notify all opponents, the chief election officer, all contributors, and the commission by telephone and in writing. Notification to contributors shall include an announcement that tax deductions based on their contributions are no longer available. The candidate is also required to return to the commission all public funds that the candidate may have received.

Exceeding the Expenditure Limits

The candidate who has voluntarily agreed to the expenditure limits and who exceeds the respective expenditure limit for either the Primary/1st Special or General/2nd Special Election is subject to all pertinent requirements set above for the candidate who withdraws

the affidavit (e.g., pay the full filing fee and notify all opponents, etc.).

Expenditure Limits On A Per Election Basis (Expenditure Limit Periods Defined)

Expenditure limits provided by the commission are on a per election basis. The Primary/1st Special Election (January 1, 1996 through September 21, 1996) being one election and the General/2nd Special Election (September 22, 1996 through November 5, 1996) being the other election. Upon signing the affidavit, the candidate agrees to limit expenditures for both elections. The candidate is prohibited from complying with the expenditure limit for one election and not complying with the expenditure limit for the other election. The candidate must be sure to use an acceptable accounting method to distinguish between Primary/1st Special Election expenditures and General/2nd Special Election expenditures.

Affidavit In Effect

The affidavit is effective until the candidate terminates registration with the commission or until the opening of filing for the next succeeding election for the office held or sought at the time of filing of the affidavit, whichever occurs first.

Commission's Right To Publish

Forty-five days prior to a Primary/1st Special or General/2nd Special Election and at such other times as may be appropriate, the commission may publish the names of those candidates who have filed the affidavit and also those candidates who have filed the affidavit but have exceeded the respective expenditure limits.

CHAPTER 8

KEEPING RECORDS

Candidates are required to maintain records on contributions and expenditures for at least five years, unless otherwise instructed by the commission. Listed below are the records required for a candidate's contributions and expenditures.

1. Recording Contributions (Monetary and Non-Monetary)

With respect to contributions, the campaign spending law requires a candidate to establish and maintain an itemized record showing the amount of each monetary contribution and the description and fair market value of each non-monetary contribution of more than \$25. To assure full compliance with the requirement that candidates report the required information of all contributions in **aggregate** of more than \$100, the commission requires that the candidate establish and maintain an itemized record of all contributions including those that are \$25 or less.

Identifying Contributions

Contributions Of \$100 Or Less

The commission requires keeping records:

For identifying contributions that are less than \$100 (date of receipt and deposit, contributor's full name and address, contribution amount); or

In the case of small amounts aggregating less than \$500 obtained through multiple contributions made by ten or more persons at the same political function (e.g., calabash bowls), keep records describing the means, method and place for each contribution collected.

Contributions Of More Than \$100

For each contribution that aggregates more than \$100, either by itself or when added to the contributor's previous contributions made during the same election period, records must identify each contribution by:

Date of receipt and deposit;

Contributor's full name and address;

Contributor's employer and occupation (if contribution aggregates more than \$1,000); and

Contribution amount.

It is important to note that amounts for non-monetary contributions should be the fair market value during the time of the non-monetary contribution.

2. Recording Expenditures

Identifying Expenditures

A candidate must keep records that identify an expenditure by the following:

Date of expenditure;
Vendor's full name and address;
Purpose of expenditure (a brief description of why the expenditure was made); and
Amount of expenditure.

Credit Card Transactions

Records for credit card transactions should be detailed to include all information as described above for expenditures.

CHAPTER 9 **COMPLETING THE REPORTS**

1. Reporting Forms

The commission's forms should be typed; printing in ink is also acceptable as long as the forms are legible. Candidates submitting illegible reports will be required to refile.

Disclosure Report (Form CC-5)

The Disclosure Report is used by the candidate to report to the commission a summary of contributions and expenditures for applicable reports and reporting periods.

Instructions for completing the Disclosure Report can be found in Part Two of this Guidebook.

The Disclosure Report is required to be filed on reporting dates set by law. See the schedule of Reporting Dates For The 1996 Elections in Part Three of this Guidebook (Appendix A).

Short Form Reporting (Replaces The No Activity Green Card)

The Disclosure Report is also the Short Form Report allowed by law for certain candidates. The Short Form Report requires completion of only Section I and Section II of the Disclosure Report.

The short form boxes in Section II of the Disclosure Report are as follows:

The **short form (11-212)** box is checked if the candidate is filing a Preliminary Report and has aggregate contributions or expenditures for the applicable reporting period totaling \$2,000 or less.

The **short form (11-213)** box is checked if the candidate is filing a Final or Supplemental Report and receives no contributions, makes no expenditures, or has a deficit or surplus of \$1,000 or less for the applicable reporting period.

Schedules

Candidates may be required to file the following schedules as attachments to the Disclosure Report:

Schedule A (Form CC-5(A))-Aggregate Monetary And Non-Monetary Contributions Of More Than \$100 from Individuals, Other Entities and Noncandidate Committees;	
Schedule B (Form CC-5(B))-Expenditures;	
Schedule C (Form CC-5(C))-Public Funds And Other Receipts (Interest,	Refunds, Etc.);
Schedule D (Form CC-5(D))-Aggregate Monetary And Non-Monetary	Contributions Of
More Than \$100 from the Candidate And Candidate's	Immediate Family;
Schedule E (Form CC-5(E))-Loans;	
Schedule F (Form CC-5(F))-Fundraising Expenditures;	
Schedule G (Form CC-5(G))-Aggregate Monetary And Non-Monetary	Contributions Of
More Than \$100 from Political Party Committees;	
Schedule H (Form CC-5(H))-Expenditures And Fundraising Expenditures	(Unpaid).

2. Special Rules For First Report

New Committee

An individual that is filing an Organizational Report with the commission is required to simultaneously provide the amount, name, and address of each contributor who has contributed an aggregate amount of more than \$100 prior to the filing of the Organizational Report. The campaign spending law requires that an individual file an Organizational Report within 10 days of receiving any contribution, the aggregate amount of which is more than \$100.

Continuing Committee

There are special rules for the initial Supplemental Report that is filed by candidates who were running in an election during an election year. The commission places emphasis on this Supplemental Report because it serves as the first report for the new “election period” and a candidates contribution aggregation period.

The initial Supplemental Report is “zero based” meaning contributions and expenditures of the previous election period are cumulated and reflect:

- Carryover cash on hand;

- Carryover of any liabilities (unpaid expenditures and loans); and

- Any contributions and expenditures received or made from the day after the general election through the last day of the election year.

3. Cash On Hand

For the reporting period, a candidate must report on the Disclosure Report the cash on hand it possessed at both the beginning and closing of the reporting period. Note that the closing cash on hand for the current reporting period appears on the next report as beginning cash on hand.

4. How To Itemize Contributions

Contributions

Candidates must report contributions for the line items listed on the Detailed Summary Page of the Disclosure Report. For each line item, a candidate must disclose the total for the current reporting period and the election period total to date. The reporting period totals are from contributions reported on the supporting schedules.

A candidate must use separate schedules for each category of contributions that must be itemized; the candidate should not mix different categories on the same schedule. The separate schedules for each category are as follows:

Schedule A (Form CC-5(A))-Aggregate Monetary And Non-Monetary Contributions Of More Than \$100 from Individuals, Other Entities and Noncandidate Committees;	
Schedule D (Form CC-5(D))-Aggregate Monetary And Non-Monetary Contributions Of More Than \$100 from the Candidate And Candidate's Immediate Family; and	Contributions Of
Schedule G (Form CC-5(G))-Aggregate Monetary And Non-Monetary Contributions Of More Than \$100 from Political Party Committees.	Contributions Of

Information to be itemized on these schedules include the following:

- Date of receipt and deposit;
- Contributor's full name and address;
- Contributor's employer and occupation;
- Contribution amount for the reporting period; and
- Aggregate contribution amount for the election period.

It is important to note that the employer and occupation information is required for contributions by a contributor that aggregate more than \$1,000 during the election period. In gathering employer and occupation information, a candidate should remember that if a contributor is self-employed, that should be stated in the "Employer" space on the appropriate schedule. If he or she is not employed, the space may be left blank, but the "Occupation" space should still be completed (e.g., "unemployed", "retired", "homemaker").

Contributions (Non-Monetary)

When determining whether to itemize a non-monetary contribution, a candidate should treat it the same as a monetary contribution. The only difference is that the amount of a non-monetary contribution must also be included in the candidate's total expenditures in order to avoid inflating cash on hand.

5. When To Itemize Contributions

Contributions (Monetary and Non-Monetary)

Contributions of \$100 or less are not required to be itemized on supporting schedules. Only an aggregate total for the reporting period is reported on the applicable line item (Contributions Of \$100 Or Less) of the Disclosure Report. Once a single contributor's total aggregates more than \$100, however, the candidate is required to itemize that contribution by providing the required information for contributions of more than \$100.

Example Of Aggregation

Suppose an individual makes two contributions to a candidate during the same election period. The contributor contributes \$50 during the first month of the election period. Because the contribution does not exceed \$100, the contribution is not required to be itemized. Instead, the \$50 contribution is reported in the aggregate total of contributions of \$100 or less. Subsequently, the same contributor makes an additional contribution of \$100 during the same election period. This contribution must be itemized, since the aggregate total of the contributor's contributions for the election period now exceed the \$100 threshold for itemization.

6. How To Itemize Other Receipts

Loans

Candidates must report loans under the different line items (candidate and candidate's immediate family, financial institution, and other loans) listed on the Detailed Summary Page of the Disclosure Report. For each line item, a candidate must disclose the total for the current reporting period and the election period total to date. The reporting period totals are from loans reported on the supporting

schedule.

The appropriate schedule for itemizing loans is Schedule E (Form CC-5(E))-Loans. Information to be itemized on this schedule includes the following:

- Date of loan;
- Lender's full name and address;
- Loan amount at beginning of the reporting or election period;
- Increase in loan amount during the reporting period;
- Loan repayments during the reporting period; and
- Loan amount at closing of the reporting period.

All loans received by a candidate, regardless of amount, must be itemized and reported as a debt until repaid.

Public Funds And Other Receipts (Interest, Returns, Refunds And Rebates)

Candidates must report to the commission all public funds and other receipts that were received during the applicable reporting period. A candidate must disclose the total for the current reporting period and the election period total to date. These reporting period totals are from public funds and other receipts reported on the supporting schedule. The appropriate schedule is Schedule C (Form CC-5(C))-Public Funds and Other Receipts (Interest, Refunds).

Information to be itemized on this schedule includes the following:

- Date of receipt and deposit;
- Source's full name and address;
- Description of other receipt;
- Public fund or other receipt amount for reporting period; and
- Aggregate public fund amount for election period (*matching payment period for public fund purposes).

A candidate must deposit all public funds received by the commission in a financial institution duly authorized to do business in the

State of Hawaii. Public fund expenditures shall be made only by checks drawn on such checking account. The source of public funds will always be the State of Hawaii, Campaign Spending Commission.

*The public fund aggregation periods defined in the campaign spending law as “matching payment periods” are as follows:

Primary/1st Special Election matching payment period-January 1 through September 21, 1996; and
General/2nd Special Election matching payment period-September 22 through November 5, 1996.

7. When To Itemize Other Receipts

Loans, Public Funds And Other Receipts

Loans, public funds and other receipts are required to be itemized regardless of amount.

8. How To Itemize Expenditures

Like receipts, expenditures are divided into several line items on the Detailed Summary Page of the Disclosure Report. For each line item, a candidate must disclose the total for the current reporting period and the election year total to date. The reporting period totals are from expenditures reported on the supporting schedules.

A candidate must use separate schedules for each category of expenditures that must be itemized; the candidate should not mix different categories of expenditures on the same schedule. The separate schedules for each category are as follows:

Schedule B (Form CC-5(B))-Expenditures; and
Schedule F (Form CC-5(F))-Fundraising Expenditures.

Schedule F should be used only if the candidate has filed the affidavit (voluntary expenditure limits) with the commission. If the affidavit was not filed by the candidate, all expenditures including fundraising expenditures are to be itemized on Schedule B.

Information to be itemized on these schedules include the following:

Date of expenditure;

Vendor's full name and address;

Purpose of expenditure (a brief description of why the expenditure was

made); and

Amount of expenditure.

It is important to note that the campaign spending law considers an expenditure to be made or incurred when the services are rendered or the product is delivered.

Any non-monetary contribution should also be itemized on the applicable Schedule B or Schedule F.

9. When To Itemize Expenditures

Expenditures are to be itemized regardless of amount.

10. Unpaid Expenditures And Unpaid Fundraising Expenditures

(Note: Certain expenditures may be classified as fundraising expenditures only if the candidate has filed the affidavit (voluntary expenditure limits) with the commission.)

Similar to loans, unpaid expenditures and unpaid fundraising expenditures must be reported until paid. Unpaid expenditures and unpaid fundraising expenditures are reported on Schedule H (Form CC-5(H))-Expenditures And Fundraising Expenditures (Unpaid).

Information to be itemized on this schedule includes the following:

Date of unpaid expenditure or fundraising expenditure;

Vendor's full name and address;

Purpose of expenditure or fundraising expenditure; and

Amount of unpaid expenditure and fundraising expenditure.

11. Refunds And Returned Contribution Checks

Contribution Refunds

When a candidate refunds to a contributor a contribution not in excess of the limits (reminder: excess contributions that are deposited automatically escheats to the Hawaii Election Campaign Fund), the candidate must itemize the refund on Schedule B as an expenditure.

Contribution Checks With Insufficient Funds

If a candidate reports the receipt and deposit of a contribution check and later finds it cannot be cashed because of insufficient funds in the contributor's account, the candidate should deduct the amount of the contribution check in its next report as follows:

If the candidate did not itemize the receipt and deposit on a previous report, the candidate should subtract the amount from the current total of contributions for that reporting period; or

If the candidate previously itemized the receipt and deposit of the contribution, the candidate should itemize the return of the check as a negative entry on Schedule A with an explanation.

12. Filing Amendments

The candidate must file an amended report if it:

Discovers that an earlier report contained erroneous information; or

Does not obtain all the required information about a particular itemized contribution or expenditure.

When filing an amended report, the candidate should complete the Disclosure Report, indicating in Section II that the document is an amended report.

In addition to the Disclosure Report, the candidate should file a corrected version of the schedule that contained the incorrect or incomplete itemized information. Transactions originally reported correctly do not have to be itemized again. The commission recommends that the candidate attach a cover letter explaining the amendment(s).